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C O N F I D E N T I A L SECTION 01 OF 02 BAGHDAD 003529

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SUBJECT: NO FINAL AGREEMENT REACHED ON FEDERALISM
"COMPROMISE DEAL"; TAWAFUQ REMAINS SKEPTICAL AND ITILAF
DIVIDED

Classified By: Political Counselor Margaret Scobey, for reasons 1.4 (b)
and (d).

¶1. (C) SUMMARY: According to CoR contacts, the political bloc leaders meeting held late on September 18 ended with a "compromise deal" of sorts. Under this Kurdish-proposed agreement, all sides concurred that the first reading of the regions formation law be postponed for a number of days. In the meantime, a constitutional review committee will be appointed and an amendment added to the regions formation bill stipulating that the law not take effect until this committee has completed its work. Tawafuq contacts remained skeptical however, with most of the bloc appearing at the September 19 CoR session only after the day's agenda had been distributed and they were able to ensure that the bill was in fact not on it. On the Shia side, contacts have told poloffs that there were internal divisions to be ironed out before the bloc could agree to the new proposal. End Summary.

¶2. (C) During a September 19 meeting with Senior Kurdish contact Saadi Barzinji (KDP) gave poloff a read-out of the meeting held the previous evening with the CoR bloc leadership on the federalism law. He said that the parties had reached a compromise, which included the postponement of the first reading of the federalism law for an unspecified period, during which time the Article 142 constitutional review committee would be appointed. The region formation law would subsequently be passed) however it will stipulate that the law does not go into effect until one year from its passage, or until after the constitutional review committee had finished its work) whichever comes first

¶3. (C) Barzinji told PolOff that the Shia Coalition supported this initiative, but that Tawafuq had asked for one day to consider the proposal. Barzinji insisted that the two main Kurdish parties in the CoR (the KDP and PUK) were fully supportive of this new plan. Deputy Speaker Arif Taifour confirmed to PolCouns September 19 firm Kurdish support for the passage of the region formation law in accordance with the deadline established in Article 118.

¶4. (C) TAWAFUQ REMAINS SKEPTICAL: Most Tawafuq members appeared at the CoR session about an hour and a half after its appointed start time, most likely to ascertain whether the other blocs had held to the previous night's agreement and kept the first reading of the regions law off the agenda. Tawafuq contacts told poloff that the bloc had not yet officially agreed to the "compromise deal" adding that they did not feel comfortable in passing a regions bill, even if it did contain a clause that would delay implementation. "Why are Itilaf and the Kurdistan Alliance pushing for the bill's passage in advance of constitutional review?" Tawafuq contacts asked suspiciously. "Why can't they just wait until

the constitutional review committee finishes its work?" It appears that Tawafuq remains doubtful of the intentions of Itilaf and the Kurds in pushing for the bill's passage in advance of constitutional review.

15. (C) TAWAFUQ ON FEDERALISM. . . Chair of the Governorates Committee and Tawafuq member Dhafer al-Ani cautioned PolOffs September 14 against fixating on the October 22 constitutional deadline (as called for in Article 118) for passage of a bill on region formation. He called the deadline "artificial", saying that adhering to it at all costs was not in Iraqi national interests. The pressure to meet it, in Ani's view, was coming from groups, especially the Kurds, who wanted to impose a speedy region formation process on everyone else. He noted further that delaying the law by no means threatened the character of Iraq as a &federal state8) this is a firm principle enshrined in the constitution. As such, he argued, Iraq will continue to be a federal state, even if the regions law were passed &now, four months from now, or four years from now.8 In light of how divisive this issue was, Ani added, no sustainable agreement could be agreed to in such a rush.

15. (C) When asked what Tawafuq hoped to accomplish by completing constitutional review prior to movement on region legislation, Ani told poloffs that, given that the Sunnis were in the minority on almost every issue, Tawafuq was not optimistic that major changes would be possible. He expected, however, that agreement could be reached on distribution and control of natural resource wealth and the authorities of the regions. Moreover, Ani said, a constitutional review that precedes regions formation was important on a symbolic level. Achieving it would be perceived as a victory for Tawafuq officials because this is

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one of the items the Sunni political leaders promised their constituents during elections.

16. (C) SHIA COALITION REACTIONS . . . Senior Dawa Party member Ali al-Adeeb and senior SCIRI member Ridha Jewad Taqi, however, told PolOff in separate conversations on September 19 that the Shia parties were not on fully board yet with the Kurdish proposal. Both al-Adeeb and Taqi confirmed there were still internal divisions within the Shia Coalition to be ironed out before anyone could commit to the new proposal. The main fault lines lie with the Sadrists and Fadhila, with the Sadrists claiming to the press that they refuse any form of federalism &while there is an ongoing occupation8. Shia contacts have told poloffs that in the absence of a unified Shia Coalition vision on the shape a &Shia region8 would take, the Sadrists are leery of the formation of a Shia state with Abdel Aziz al Hakim at its head. Further, as Shia Independent Sami Al Askary told poloffs September 19, the Sadrists want to postpone the formation of regions until after provincial elections so as to increase their representation in local government.

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